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RUEHVB/AMEMBASSY ZAGREB PRIORITY 0208
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C O N F I D E N T I A L SECTION 01 OF 02 BRATISLAVA 000453

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TAGS: [ENRG](#) [ECON](#) [EPET](#) [PREL](#) [PGOV](#) [LO](#) [RU](#)
SUBJECT: SLOVAKS RECONSIDERING TRANSPETROL OPTIONS

REF: A. BRATISLAVA 420

[1](#)B. 06 BRATISLAVA 917

Classified By: Ambassador Rodolphe M. Vallee for reasons 1.4 b) and d)

[1](#)1. (C) Summary - Economy Minister Lubomir Jahnatek maintained the status quo at the July 31 Transpetrol Annual General Assembly (AGA) by removing any discussion of personnel changes to the Transpetrol Board and Supervisory Board from the agenda. In conversations with Yukos International (YI) representatives in advance of the AGA, Jahnatek made it clear that he was frustrated with Yukos Oil receiver Eduard Rebgun and that he was once again considering a Slovak Government buyback of the pipeline as a viable option. YI provided Jahnatek with a long-awaited valuation of the 49 percent Transpetrol stake, and the two sides agreed to continue discussions after the August 15 auction of Yukos Finance (YF). It is widely assumed that a Transpetrol sale is unlikely before the next Dutch court decision in late October, no matter who controls YF after August 15. The deal reached with Putin in May appears to have lapsed, and Jahnatek is treating YI as an important player in this dispute for the first time since fall 2006. End Summary.

BOARD MEETING 'A SUCCESS'

[1](#)2. (C) The Board recognized the Rebgun-appointed director Sergei Shmelkov as the official YF representative at the AGA, which is required under Slovak law since YF's name is in the commercial register and consistent with the approach from the last shareholders meeting in November, 2006 (Ref. B). YI representatives disputed this decision and left a sealed envelope with the Board Chair that contained their votes on all issues under consideration at the meeting. Several of these votes were not necessary as Minister Jahnatek removed the decisions on the vacant board seat (GOS appointed) and vacant supervisory board position (YF-appointed) from the agenda. According to Yukos Supervisory Board member Mikulas Rakovsky, who met with Econoff after the July 31 meeting, Jahnatek made it clear that he did not see the need for changes when YF would potentially have a new owner after August 15. The meeting lasted less than one hour and dealt only with practical, day-to-day operating decisions. Transpetrol Board Member and YI representative Jan Kridla considered the AGA a success since YF's attempts to increase their control over Transpetrol were rebuffed by the Economy Minister.

ALL OPTIONS BACK ON THE TABLE

[1](#)3. (C) YI representatives met with Jahnatek in advance of the AGA on July 30 to continue their discussions on the sale of the Transpetrol shares. YI presented the GOS with their

valuation of the 49 percent Traspetrol stake, which was carried out by an independent consulting firm. Kridla, who met with Econoff on August 7, noted that Jahnatek was quite taken aback by the estimate, which falls somewhere in the range of USD 200 to 300 million, depending on the underlying assumptions. (Note: One year ago Jahnatek and the YI directors had tentatively agreed to a selling price of USD 111 million for the Transpetrol shares. End Note.) Jahnatek noted that he would need some time to evaluate the analysis. Both sides have agreed to meet sometime after August 20, at which point they will also know the result of the YF auction.

14. (C) Jahnatek told Kridla that a Slovak buyback of the pipeline was once again a viable option given developments over the preceding month. He expressed frustration at the lack of cooperation from Rebgun and suggested that he had only limited contact with Russian government officials in the last two months. As he has done in the past, Jahnatek acknowledged that the Russians will have the final say, and that, despite feeling more confident, the GOS was still "not strong enough to push" too hard with Moscow. Jahnatek noted that he had heard from the Poles and the Ukrainians about their interest in the pipeline but dismissed any outside deals as unlikely. He also asked Kridla whether Chevron/Texaco has been in contact with YI, suggesting that these companies had approached the GOS. (Note: we have not heard this rumor before and Kridla claimed to be unaware of any interest from Chevron/Texaco. End Note)

15. (C) Jahnatek understands that any deal for the 49 percent Transpetrol stake is unlikely until after the expected October 31 Dutch court decision that will address whether the Russian bankruptcy proceedings can be recognized under Dutch law and whether Rebgun is the legal representative of YF. He

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commented that even Gazpromneft, which came to Bratislava for negotiations in May and is widely seen as the chosen buyer for the Transpetrol stake, was no longer willing to commit to a deal before the Dutch court decision. Even a purchase of YF by Rosneft on August 15, as is widely anticipated, is unlikely to fundamentally alter the current legal stalemate between YF and YI over the ownership of the pipeline.

EFFORTS TO HALT THE AUCTION

16. (C) Kridla told Econoff that YI lawyers believe that the auction is illegal and are trying to prevent it from taking place. They argue that because Rebgun's authority as an authorized representative of YF is subject to litigation in multiple jurisdictions, it is not clear that Rebgun could transfer the Yukos shares, which are physically held by YI, to the new owner. As a part of this effort, YI representatives asked Jahnatek if the GOS would take the necessary steps in advance of August 15 to approve the transfer of the Transpetrol shares from YF to YI. Kridla did not expect this to take place, though YI made it clear to Jahnatek that completing this transfer was a condition for re-instituting the GOS' veto control over any sale of Transpetrol, which officially lapsed back in April.

COMMENT

17. (C) This is the first acknowledgment in several months that a Slovak buyback is once again a preferred option and a firm indication that any deal with the GOR is now off the table. Kridla described Jahnatek as very constructive in both the pre-meeting and the AGA, noting that for the first time he seems to recognize that YI cannot be ignored and may have the final say in the sale of the Transpetrol stake. We will re-engage with Jahnatek after the August 15 auction to get his first-hand thoughts on the Slovak position. End Comment.
VALLEE